

CITY OF SIDNEY, NEBRASKA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
AND
ACCOUNTANT'S OPINION THEREON

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Sidney, Nebraska 69162

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney (the City), Sidney, Nebraska, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each

major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 39 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

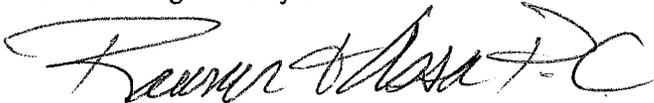
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

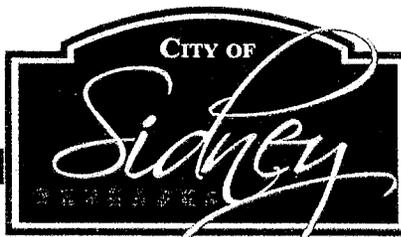
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



RAUNER & ASSOCIATES, P.C.
Sidney, Nebraska

March 24, 2015



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CITY OF SIDNEY, NEBRASKA

Management's Discussion and Analysis

As financial management of the municipal government, we offer readers of this financial statement an overview and analysis of the financial activities of the City of Sidney, Nebraska for the fiscal year ended September 30, 2014. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the government's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the activities of the current fiscal year ended September 30, 2014, the resulting changes and currently known facts. It should be read in conjunction with the City's financial statements that begin with Exhibit A.

FINANCIAL HIGHLIGHTS

- ◆ The assets of the city (Exhibit A) exceeded its liabilities as of September 30, 2014 by \$59,583,227 (net position). Of this amount \$11,395,993 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The City's total net position increased by \$2,074,352 in comparison to the prior year. Of the increase, \$1,850,743 or 89.2% was an increase in governmental activities and \$223,609 or 10.8% related to business-type activities.
- ◆ The City's Governmental Fund Balance Sheet (Exhibit C) as of September 30, 2014 shows an increase from \$7,309,468 to \$10,501,527 in comparison with the prior year which is an increase of \$3,192,059. Deferred Inflows of Resources in the amount of \$359,435 is lower from last year. This is uncollected property tax and special assessment revenues that are not available to pay for current period expenditures and, therefore, are deferred in the funds. In past reports, these were shown as Deferred Revenue liability. Current year Fund Balances are as follows: Nonspendable Fund Balance - .4% or \$43,367 (which is the Golf Inventory) is defined as amounts that are not in a spendable form or are required to be maintained intact. Restricted Fund Balance - 24.5% or \$2,570,862 (which is Street and Debt Service carryover funds) is defined as amounts constrained to specific purposes by their providers, through constitutional provisions or by enabling legislation. Committed Fund Balance - 33.4% or \$3,510,439 (which is \$170,818 in the Insurance Reserve Account and the remainder is LB840 Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment, and Boy Scouts) is defined as amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed amounts that cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. Unassigned Fund Balance - 41.7% or \$4,376,859 (which is all other General Fund assets) is defined as amounts that are available for any purpose - positive amounts are reported only in the General Fund.
- ◆ The City's Statement of Net Position for Proprietary Funds/Business-Type Activities - Enterprise Funds (Exhibit G) as of September 30, 2014, indicate there was an increase in the net position of \$223,609 compared to \$1,570,041 in 2013. The Electric, Water, and Sewer Departments each realized an increase in Net Position for FY2014 year end (Exhibit H). The Landfill Department realized a decrease. Interest income remained about the same as interest rates have not improved. Charges for Services decreased this year. Capital Contributions were minimal for Water and Sewer Departments. Operating Expenses were higher this year in Electric, Water and Sewer. Landfill realized a \$16,807 loss this year.
- ◆ In the Statement of Cash Flows for Proprietary Funds (Exhibit I), there is a net increase in 2014 in Cash and Cash Equivalents (\$1,156,957) for the first time in three years.
- ◆ The Governmental Activities total liabilities increased by \$6,434,200 due the amount of bonds being added.
- ◆ The Business-Type Activities total liabilities decreased by \$385,621, due to increase in current liabilities and decrease in non-current liabilities.

USING THIS ANNUAL FINANCIAL REPORT

Our government's presentation of financial statements are in compliance with the Governmental Accounting Standards Board Statement 34. The statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the City's accountability.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Exhibits A & B of this report)

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the year ended September 30, 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, earned but unused vacation and sick leave, etc.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include most of the City's basic services including police, fire, general administration, streets, parks, cemetery, golf, library, public transportation, and economic development. Further explanation of individual line items reported for each function are: (1) General Government-Administration and Inspection; (2) Public Safety - Police and Fire; (3) Public Works-Streets; (4) Health & Social Services-Cemetery and Public Transportation; (5) Culture & Recreation-Park, Pool, Golf, Library. The business-type activities include the Electric, Water, Sewer, and Landfill.

FUND FINANCIAL STATEMENTS (Exhibits C thru T of this report)

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories:

Governmental Funds are used to account for essentially the same functions reported as governmental activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains four individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Street Fund, the Debt Service Fund, and the Capital Projects Fund which are considered to be major funds. Data from the non-major governmental fund (Exhibits N-O-individual fund data) are combined into a single, aggregated presentation. They include Economic Development LB840, Cemetery Perpetual Care, Golf Development, Unemployment Compensation, and Boy Scouts. The City adopts an annual appropriation budget ordinance for its General Fund and all other governmental funds. Exhibit L provides supplementary information which presents budgetary comparison information. The basic governmental fund financial statements for individual schedules for General Fund Accounts can be found on Exhibits P-T of this report.

Proprietary Funds are the business-type activities-enterprise funds which include the Electric, Water, Sewer, Landfill as major enterprises. These are in Exhibits G-I of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. In this report, these are shown in Exhibit J and include the Tax Increment Financing Projects, CDBG, the Volunteer Fire Department and its Auxiliary.

NOTES TO THE FINANCIAL STATEMENTS provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit K of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following is the Condensed Statement of Net Position and the Condensed Statement of Activities for September 30, 2014 and 2013:

City of Sidney Condensed Statement of Net Position September 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and Other Assets	\$ 11,377,875	\$ 8,214,746	\$ 15,780,502	\$ 16,079,356	\$ 27,158,377	\$ 24,294,102
Capital Assets	23,517,883	18,396,069	31,003,666	30,866,824	54,521,549	49,262,893
TOTAL ASSETS	34,895,758	26,610,815	46,784,168	46,946,180	81,679,926	73,556,995
LIABILITIES						
Long Term Liabilities Outstanding	9,417,328	3,287,424	9,833,957	10,644,476	19,251,285	13,931,900
Other Liabilities	1,099,899	795,603	1,745,515	1,320,617	2,845,414	2,116,220
TOTAL LIABILITIES	10,517,227	4,083,027	11,579,472	11,965,093	22,096,699	16,048,120
NET POSITION						
Net Investment in Capital Assets	23,517,883	18,396,069	21,852,364	20,892,991	45,370,247	39,289,060
Restricted	-	-	2,816,987	2,795,729	2,816,987	2,795,729
Unrestricted	860,648	4,131,719	10,535,345	11,292,367	11,395,993	15,424,086
TOTAL NET POSITION	\$ 24,378,531	\$ 22,527,788	\$ 35,204,696	\$ 34,981,087	\$ 59,583,227	\$ 57,508,875

City of Sidney Condensed Statement of Activities September 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,000,958	\$ 904,633	\$ 12,088,189	\$ 12,371,020	\$ 13,089,147	\$ 13,275,653
Operating Grants and Contributions	1,026,753	782,494	-	-	1,026,753	782,494
Capital Grants and Contributions	375,347	24,136	-	46,398	375,347	70,534
General Revenues:						
Property Taxes	1,592,700	1,602,103	-	-	1,592,700	1,602,103
Sales and Use Tax	4,089,842	3,430,094	-	-	4,089,842	3,430,094
Other Local Taxes	477,824	778,783	-	-	477,824	778,783
Motor Vehicle Taxes	204,880	200,085	-	-	204,880	200,085
Franchise Fees	756,200	748,290	-	-	756,200	748,290
Intergovernmental Revenues	218,701	226,237	-	-	218,701	226,237
Miscellaneous State Revenues	71,524	74,279	-	-	71,524	74,279
Investment Income	12,952	10,770	77,426	76,142	90,378	86,912
Miscellaneous Revenues	94,141	177,010	118,323	268,733	212,464	445,743
Capital Contribution	614,181	-	19,782	-	633,963	-
Total Revenues	10,536,003	8,958,914	12,303,720	12,762,293	22,839,723	21,721,207
Expenses:						
General Government	2,412,027	1,619,142	-	-	2,412,027	1,619,142
Public Safety	1,761,027	1,686,366	-	-	1,761,027	1,686,366
Public Works	1,822,983	1,420,463	-	-	1,822,983	1,420,463
Health & Social Services	356,122	317,251	-	-	356,122	317,251
Culture and Recreation	2,079,962	1,902,405	-	-	2,079,962	1,902,405
Interest on Long-Term debt	253,139	144,113	-	-	253,139	144,113
Electric	-	-	7,659,114	6,939,508	7,659,114	6,939,508
Water	-	-	1,966,455	1,778,283	1,966,455	1,778,283
Sewer	-	-	1,014,815	1,014,887	1,014,815	1,014,887
Landfill	-	-	1,439,727	1,459,574	1,439,727	1,459,574
Total Expenses	8,685,260	7,089,740	12,080,111	11,192,252	20,765,371	18,281,992
Increase in Net Assets	1,850,743	1,869,174	223,609	1,570,041	2,074,352	3,439,215
Net Assets - Beginning	22,527,788	20,658,614	34,981,087	33,411,046	57,508,875	54,069,660
Net Assets - Ending	\$ 24,378,531	\$ 22,527,788	\$ 35,204,696	\$ 34,981,087	\$ 59,583,227	\$ 57,508,875

GOVERNMENTAL ACTIVITIES

As earlier stated in the Financial Highlights, governmental activities increased the City's net position by \$1,850,743, accounting for 89.3% of the total growth in the net assets of the City of Sidney. The Governmental Activities had an increase in capital position due to approximately \$5,000,000 in capital assets recorded in the current period; i.e. additions to structures, buildings, vehicles, equipment and infrastructure throughout the Governmental funds. See Exhibit D and Exhibit K, Note 3, Section B on Page 29 and 30 for details. Also, additional accumulated depreciation along with other changes in the liabilities and other assets accounted for the net position.

BUSINESS-TYPE ACTIVITIES

Business-Type activities (see Exhibit H) increased the city's net position by \$223,609, accounting for 10.8% of the total growth in the government's net position. Some explanatory remarks regarding this statement are as follows:

- ◆ The overall operating revenues for business-type activities increased by \$223,609.
- ◆ Electric Fund increased in net position - \$109,583 vs. \$915,774 in 2013.
- ◆ Water Fund change in net position was \$107,457 vs. 343,466 in 2013 due to a decrease in operating income, an increase in operating expenses, a decrease in interest expense, and in part to capital contributions, i.e. Water Extension District No. 21.
- ◆ Sewer reflected \$23,376 change in net position vs. \$237,174 in 2013 which is due to a decrease in operating income, a decrease in operating expenses, in part to capital contributions, i.e., Sanitary Sewer Extension District Nos. 21 and 22 which were started in 2014.
- ◆ Landfill reflected a loss of \$16,807 in net assets vs. a gain of \$27,229 in 2013 due to decreased revenues and increased operating income (which includes depreciation and amortization).

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As per Resolution No. 20120102, adopted by the City Council on January 10, 2012, a Fund Balance Policy in Accordance with GASB 54 was adopted. The following categories are in compliance with that resolution: As of September 30, 2014, the City's Governmental Funds reported combined ending fund balances of \$10,501,527, an increase of \$3,192,059 in comparison with the prior year. For the current year Fund Balance the categories are as follows: .4% is considered Nonspendable which are amounts that are not in a spendable form or are required to be maintained intact such as inventory; 24.5% is considered Restricted which are amounts constrained to specific purposes by their providers, through constitutional provisions or by enabling legislation such as occupation taxes, Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment, and Boy Scouts; 33.4% is considered Committed which is amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority - to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint which is all other General Fund assets; 41.7% is considered Unassigned which is all other General Fund assets and are positive amounts and are available for any purpose in the General Fund.

The General Fund is the chief operating fund of the City. As of September 30, 2014, the Nonspendable fund balance of the General Fund was \$43,367 which represents the Golf Course inventory; the Committed Fund was \$170,818 which is Payroll Insurance Reserve Account; and the Unassigned Fund was \$4,376,859 which is the remainder of the General Fund Balances. Total Liabilities and Fund balance was \$4,836,622. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 75.5% of total general fund expenditures, while Total liabilities, Deferred Inflows of Resources and Fund Balance represents 83.5% of that same amount. The fund balance of the City's General Fund increased by \$368,465 during this fiscal year.

The Street Fund had a total restricted fund balance of \$1,208,623, which was carried over to the next fiscal year budget to fund scheduled street projects. The Debt Service Fund had a total restricted fund balance of \$1,362,239 which is entirely reserved for debt payments. The other non-major Governmental Funds had a total committed fund balance of \$3,339,621 which include Capital Projects Fund, Economic Development LB840, Cemetery Perpetual Care, Golf Development, Unemployment and Boy Scouts.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Sewer, Water, Electric, and Landfill amounted to a total of \$10,535,345. Restricted Assets for the same funds consist \$223,775 for Customer Deposits, \$1,662,217 for Debt Service, and \$930,995 for

Landfill Closure costs. Factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

General Fund Budgetary Highlights

There was no difference between the original advertised budget and the final approved budget. The budget relies heavily on the sales and property tax revenue. This year the sales tax revenue came in approximately \$27,578 over budget in General Fund and \$206,939 over budget in Street Department. The overall General Fund was under budget due to grants being budgeted but not received and consequently no expenditures made in this particular fund. A contributing factor in the variance between the income and expense side was street projects that were in the budgeted but were not completed in this fiscal year and had to be carried over to the next budget.

The budget and budgetary accounting process for the municipality is explained in detail in Exhibit M Notes to the Supplementary Information that accompanies the schedule entitled Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Major Special Revenue Fund - Budgetary Basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

This year's changes in assets and long-term debt are explained in detail in Note 3 of the Financial Statements. The long-term debt is explained in Notes to the Financial Statements in categories for General Obligation, Special Assessment Bonds, Notes Payable, Capital Leases and Proprietary Fund illustrating the changes throughout the fiscal year.

ECONOMIC FACTORS CURRENTLY KNOWN FACTS, DECISIONS or CONDITIONS ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2013-2014 budget, tax rates and fees that were charged for the proprietary departments. The City of Sidney went through a better than normal budget year in 2013-14 with an uptick in the economy following a series of challenging budget years due to a stagnant economy and the loss of more revenues to pay for state incentive programs than what had been anticipated. There was approximately seven months of sales tax revenue that was not impacted by state refund programs due to our legislative efforts that now give municipalities one full year of notification prior to refunds occurring, making it easier to plan for needed capital improvement projects. This one year reprieve ended in December 2014.

An additional half cent sales tax initiative was adopted by the voters in November 2012, going into effect in July 2013. This infusion of "project revenue" also began to be reflected in the 2013-2014 budget cycle. The goal of each budget cycle is to try and keep the overall city property tax rate as close as it can be to the previous year's rate. This also keeps in line with a goal made in previous city budget cycles since the 1980 adoption of a 1 percent sales tax rate to have some property tax relief.

Keeping the status quo property tax rate philosophy in mind, and at the same time trying to provide funding for delayed projects, the general fund budget was still 34 percent below the State mandated lid limitation, the same percentage as the previous year. Approximately 75 percent of Nebraska's 530 municipalities are near or at their maximum lid limits.

Sidney's economy continued to fare better than many rural communities nationwide. Much preparation and ground work was done to set the stage for what would be record setting construction years in 2014 and 2015, with over \$300 million of new future projects announced or moving through their initial development stages. Unemployment in the local economy remained among the lowest percentages in the nation, but Nebraska overall showed similar results. The general fund levy for the next fiscal year was set at .3327292 in the general, plus .079328 in bonded indebtedness for a total of .412120. The maximum rate by state law was .57933. Sidney's levy and bonded indebtedness both had slight reductions from the year reflected in this audit of .417759 and also lower than the .417854 in 2011-12; .418573 in 2010-11 and also below the .420347 in 2009-10. This is a reflection of the budget planning and follow through in those respective years. It is anticipated that bonded indebtedness will increase in the following fiscal years due to major arterial street and bridge replacement projects that will help open new developments in the community. The eventual economic impact will be significant from these projects. The city will also be challenged to keep within its \$10 million cap per year on issuing new bonds with all the development and public projects occurring.

During this fiscal year, the 2012 City Comprehensive Plan continued to serve as a guideline to the Planning Commissioners, City Council and staff for planning and implementation of the budget. This detailed 400 page plus document provides the growth strategy, goals and objectives for the next decade. Over 18 months of work and citizen input went into the process. In fact heading out of the budget year, it became evident many of the community goals and objectives would be exceeded than what was reflected in the plan.

These indicators were taken into account when adopting the General Fund budget. Total unused restricted fund authority was nearly \$2.4 million below its limitation. The City remains very competitive with its general fund levy in comparison to other First Class Nebraska municipalities despite the fact Sidney ranks last in State Aid and Municipal Equalization Fund revenue among Nebraska's 30 first class communities. The state formula penalizes lower property tax levies and per capita valuation totals. Sidney has now ranked last in 16 of the past 18 fiscal years in state aid among first class cities. The 2013-14 allocation was \$0, which compares to communities like Hastings, which received \$1,023,111; Lexington \$933,609; South

Sioux City \$614,754, etc. just to compare similar communities. Even western Nebraska communities Sidney often competes with in regards to economic development, fare much better in state aid, such as Chadron \$406,130; Alliance \$317,999 and Gering \$155,527. The city is also penalized an additional 3 percent of its local generated sales tax to help subsidize the other communities. This amounts to nearly \$120,000.

In addition, Sidney has lost \$5.25 million in local sales tax revenue to pay for State Incentive business programs in the past few years. That loss escalated to \$650,822 in 2008-09, then up to \$773,971 in 2009-10, but reduced to \$520,887 loss in 2010-11 and then \$429,478 in 2011-12 and \$204,240 in 2012-13, providing a much better outlook going into the budget planning cycle towards the end of the fiscal year. The State of Nebraska gives only one month notice when it takes away the community's local sales tax revenue to pay for the State Incentive programs, making it very difficult for local city officials to properly project budgets in the planning process. Sidney worked with state legislative leaders to influence a new law going into effect in January 2014 where the local sales tax loss will be escrowed for a year, so cities can better plan for those losses each respective budget year with known factors, rather than guess work. Despite the heavy local sales tax refund losses, Sidney voters have continued to support sales tax initiatives as opposed to rising property taxes to meet the community's needs. This is especially beneficial since Sidney sits on the path of four major highways, including Interstate-80; has 550 motel rooms and 8,000 jobs in the Sidney market, despite a population of only 6,757. In the fall of 2012 the Sidney City Council authorized placement on the November 2012 general election ballot a new one-half cent sales tax for infrastructure needs in relationship to improvements for streets, storm water drainage, new swimming pool, parks and a golf course irrigation system. The results were positive in November 2012 with a 75 percent approval rating making Sidney the only first class community in Nebraska to successfully adopt the issue.

The City's property tax levy resulted in 14.3 percent of the overall property tax rate for Sidney residents (\$2.32 per \$100 of valuation), and its bonded indebtedness another 3.4 percent of the total, in comparison to the other major government entities: Sidney Public Schools (51.5%); Cheyenne County (21.2%); Western Nebraska Community College (4.4%) and South Platte Natural Resources District (2.7%) are other primary recipients of local property taxes.

Total property taxes used by local government entities used during the completed budget year, including their respective bonded indebtedness: Sidney Public Schools \$7,415,961; Cheyenne County \$5,643,630; Western Nebraska Community College \$9,906,793; City \$1,719,817; Educational Service Unit \$1,330,780 and South Platte NRD \$1,312,759.

Sidney's overall budget including proprietary funds was projected at \$37,383,785. The City did close out the year under budget in most departments.

The overall revenue forecast for the \$37,383,785 was projected to be gained from 29.1 percent electric rates; 5.1 percent solid waste fees; 5.4 percent water fees; 7.8 percent sales tax; 3.3 percent license, fees, permits; 3.3 percent property tax; 3.5 percent sewer fees; 8.0 percent grants; 20.5 percent street state aid, misc. bond; 1.4 percent debt service; 1.7 percent re-budgeted funds; 4.9 percent golf and the remaining in a number of smaller revenue sources.

The overall expense forecast of \$37.38 million was 29.1 percent electric, 5.1 percent solid waste; 5.4 percent water; 23.5 percent streets; 4.2 percent police; 9.1 percent grants and special projects; 4 percent general administration; 3.5 percent sewer; 3 percent park; 5.5 percent golf; 1.4 percent debt service; 1.2 percent library/bookmobile, 1.2 percent economic development including LB840 funds; and all others making up the remainder of small percentages.

The council did approve the normal employee merit increases based on the previously approved employee wage scale for each job description. The City has kept union free for the past 14 years, one of the few first class municipalities without a bargaining association, by paying competitive wages and benefits in the efforts to keep experienced, trained employees. Certain pay ranges were increased, which will only be reflected over time as it will take longer for certain positions to reach their maximum pay range. This is where inflation is generally accounted.

It was the first full year for a major change in the employee health insurance program being implemented, as the City chose to go back to self-funding because of pending significant insurance premium hikes. The City continues to monitor this situation closely with all of the federal mandated health changes and significant premium increases being projected in the future. The changes did create some anxiety with employees because of what seems to be a never-ending cycle of change in the health care industry including the federal overhaul of the health care industry that will impact all employers.

Other 2013-14 Budget highlights included:

FIRE DEPARTMENT - Total request was \$152,714, slightly up from \$150,117. The budget request was fairly standard with some minor equipment upgrades, including 10 sets of bunker gear for \$18,000 and a refurbished jaws of life at \$10,100.

LIBRARY - The request was similar with the projected increase primarily associated with personnel costs. The \$444,305 compares to \$433,822 request of last year. The cost-share contribution for the bookmobile services from Cheyenne County was \$98,400. The Library has a governing board, rather than an advisory board, so they do have some autonomy from other city departments, as the personnel issues are handled by the board.

INSPECTION - ZONING - This department's budget request was \$174,570, up from \$153,941 reflecting some additional dollars for property demolition issues. A one year agreement was extended with the Village of Potter to provide Chief Building Official services. The Village of Lodgepole has made a similar request, but the council wants to continue to monitor the time commitment at Potter prior to any further consideration of adding more responsibilities to the services. The department previously handled the zoning requirements for Cheyenne County, but the county chose to give those responsibilities to a person employed by the county during this fiscal year.

POLICE - The Police Department was finally fully staffed at 14 sworn officers and 2 civilian officers. The total budget

request was \$1,559,798 as compared to \$1,488,823 the previous year. A \$20,000 feasibility study was implemented to study a different or new law enforcement center. The budget also included continuing the City's intergovernmental agreement with the Western Intelligence and Narcotics Group (WING) and the Sidney Public Schools for a school resource officer. The City is reimbursed for its costs by those two entities. Two vehicle replacements and equipment upgrades were also completed. Sidney began seeing the adverse effects of neighboring Colorado's legalization of marijuana with additional incidents.

PUBLIC TRANSPORTATION -Public Transportation has many funding partners including: State (25% total cost reimbursement) and federal (50% total cost reimbursement) and the Cheyenne County Visitors Committee continuing its financial support for the second bus line (Sidney Stage Coach) fixed bus route. We continued dealing with a part-time effort of the Transportation Director due to an injury. Part-time drivers, interim temporary Director and Human Resources Director went above continue the operation smoothly. The total budget request was \$243,000, up from \$218,908 due primarily to the purchase of a new replacement bus on the Stagecoach Line. The Visitors Committee did authorize its purchase and old stagecoach wrapping like the one currently being used. Roughly only 20 percent of the total costs are covered by the City of Sidney local revenue sources.

POOL - The swimming pool overall budget rose significantly in anticipation of building up the swimming pool fund from the new half -cent sales tax for the eventual replacement of the pool. Finalizing the new plan continued throughout the fiscal year including several planning meetings with a citizens committee, with a target to start construction of the new pool in 2015 with an opening date in 2016. The City maintained the status quo in the existing pool going forward. Sidney has the lowest swim rates of any first class community and does not anticipate raising rates until the new pool is built. The overall budget of \$376,952 includes \$285,025 projected from the first 13 months of revenue from the new sales tax. Last year's \$105,386 budget request had reflected a \$30,000 feasibility study line item.

CEMETERY - returns to a more normal budget request of \$158,994 compared to last year's \$184,821, which had included an automated digital touch screen kiosk directory upgrade, which was paid (\$29,000) through the perpetual care fund, which is funded by lot purchases and an occasional donation. A small gazebo was constructed for the directory, along with a mower replacement. A slight rate increase on fees was implemented, which have not risen in 15 years.

PARKS - budget reflected a significant increase to \$1,138,638 compared to \$904,270 of a year ago. The budget included \$120,000 for ball field lighting improvements for the Kiwanis Field; \$100,000 to replace the tennis courts which was then delayed to 2015; \$107,500 for parks equipment; \$120,000 for continued support of recreational services through the Cheyenne County Community Center; one additional full-time employee to help cover the expanding parks services. Other costs are associated primarily with the general operations, maintenance and upkeep.

STREETS - The Street Department embarked on an aggressive year seeing a very significant jump in its overall budget because of major street projects. The projects include engineering, design and construction of first phase of Pole Creek Crossing, and Greenwood Road improvement and extension, both of which will accommodate the future growth in the East Sidney Development as major arterial streets. In additional Fort Sidney Road overlay project was completed, 10th Avenue was reconstructed, the 13th & 14th Avenue Illinois Street intersections and road improvements were completed and six streets, curb, gutter and sidewalks were improved on Sidney's north side. Because the \$520,000 north side projects are Community Development Block Grant funds and local LB840 Economic Development funds that expenditure was not reflected in the regular street budget. Storm Drainage projects totaled \$257,478 primarily 7th Avenue. Concrete surfacing project funds for panel replacement and general maintenance included \$196,558 and \$75,000 of crack sealing completed.

ELECTRIC - The non-compliance deadline with the new EPA standards on the power plant was implement with the plant now on emergency standby only. An electrical master plan study with Olsson and Associates, got underway. Underground conversion projects estimated at \$400,000 continued primarily in the heart of the downtown area. A replacement \$200,000 digger/derrick truck; \$160,000 for a third feeder breaker and \$40,000 main breaker at the north substation were completed. The overall budget was \$10.7 million. The department also filled an existing vacant position.

ELECTRIC ADMIN - this includes the Public Services Director, the GIS position and added administrative assistant position that is filling a number of roles at city hall, including also assisting with the general offices. Overall budget was \$250,108 for all office expenses, operations and personnel.

WATER- The summer of 2014 was one of the wettest rainfall year's on record and thus impacted water sales adversely. The overall budget was \$2.03 million compared to \$2 million a year ago. A an overall master plan review of the system was completed along with the implementation of a variable frequency drive system on the northwest well field water wells for better control of energy conservation of avoiding peak electric demand impact fees. The City spends over \$200,000 a year with Wheat Belt for electric rates to run the wells. The City retired the water debt from the northwest well field developed in the early 1990's in this fiscal year. A small portion of the bond also affected the sewer department. The City based its water debt assessment and increased water rates for our 2005 well project and 20 mile distribution line on the northeast well field hoping to reach this stage of time when the earlier debt would be retired and the city could adjust those payments towards the shortfall in the WDA bonds. The City will continue to monitor this cash flow in future years, but with millions of dollars of new improvements needed as the study indicated, it is likely rate adjustments will follow in subsequent budget years.

SEWER - No further rate adjustments were needed with the budget projected at \$233,291 compared to \$221,782 a year ago for the department that oversees the sanitary sewer lines, and overseen by the water department personnel. A new sewer camera was purchased and the cost shared with the street department.

WASTEWATER - gets its revenue for operation and debt service from the Sewer Department rates and was near \$1 million

for year, which includes the bond payment on the new facility and an additional \$325,000 for covering the existing drying beds, as required to meet standards with the new permitting process. It remains a three person operation.

SOLID WASTE / LANDFILL - A proposed budget of \$1,899,711 was up from the \$1.6 million last year, but that was primarily due to a proposed \$300,000 purchase of a tub grinder for the purpose of grinding up wood products and trees. However, an agreement with Raffelson Rock that is providing that service on an experimental basis was implemented instead. Debt service on the landfill bond payment was \$158,690. Sanitation pickup is provided in parts of the community seven days a week as are some other services. There was a slight adjustment in scale service fees, residential and most commercial pickup rates remained the same.

GOLF -- The golf course irrigation project financed through adoption of the infrastructure half cent sales tax and golf development fees considerably impacted the year's budget. The project cost exceeded \$1.5 million out of the \$2.1 million budget as compared to \$843,242 overall the previous year. The project was completed within the budget year and did create some challenges with play and revenue this year, but the golfing public was very patient. The department's budget shortfall continued to increase, so additional emphasis in the future will be added to marketing and promotion, as well as tightening expenses.

GENERAL ADMINISTRATION AND GENERAL FUND - the \$1.9 million budget included the general administration functions of city government, legal services and staffing at city hall, along with general operations, but also the various special project groups, including the ambulance subsidy at \$70,716 and Cheyenne County Communications Center at \$256,438; Chamber of Commerce at \$20,000 and an uncommitted contingency of \$387,366 was placed in a line item that was later directed by the city council for the 11th Avenue path and landscaping project, including the 11th Avenue and Old Post Road signage project. Economic and Community Development were also part of the budget with \$75,000 directed towards the various marketing, programming, promotions and projects. Cheyenne County contributes \$20,000 to the partnership economic development budget. The Community Development Director also is the Historic Downtown Main Street Manager and Historic Preservation Board administrator. The director was promoted to Economic Development Director with a separate budget effective at the end of the budget year, heading into 2014-2015.

Also incorporated into the budget this year was the \$1 million **Sidney Deadwood-Trails walking, hiking, biking trail expansion** to the Interstate. This is nearing the final stages of construction. The project included a State Grant of approximately \$650,000.

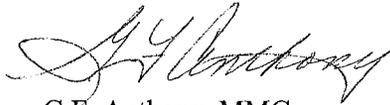
In addition to the public infrastructure projects listed previously, major private sector projects in the implementation stage throughout the fiscal year included: **Sidney Regional Medical Center's** new \$53 million facility; **Bell Lumber and Pole Manufacturing Company** \$25 million project; **Adams Industries** \$15 million rail expansion project / logistic industrial park / rehabilitated truck service facility under construction; **Cabela's Downtown Redevelopment** \$9 million project at former corporate headquarters; **Lodgepole Creek 72 unit Apartment Complex**; **Cabela's I-80 Corporate** \$34 million expansion, **Reganis Development** subdivision, **Weiser Development** subdivision, Jennifer Lane and Silverberg Drive Expansions to accommodate the **Fairfield-Marriott Motel**, the **Ranch Subdivision** first phase; New Neighborhoods Initiative **Grassland Apartments** 12-plex; **Western Nebraska Community College 24 unit student housing complex**; **Sonic Drive-In**; **Source Gas** new office complex and consolidated operations; **Hickory Street Square improvements**; **Ballard Aviation expansion**; **Love's Truck Stop** with adjoining employee living complex and motel; **Croell Concrete** production plant; and several smaller commercial improvements.

In addition, the City worked in earnest with the South Platte Natural Resources District on **Storm Water management projects**; new storm water ordinance and grant funding applications.

The Airport Authority and Housing Authority have their own independent budgets. The Airport was embarking on a \$1 million new airport terminal.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the city's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Clerk/Treasurer's Office (telephone number 308-254-5300 and email address – gerianthony@cityofsidney.org) or the City Manager's Office (telephone number 308-254-4444 and email address – garyperson@cityofsidney.org at 1115 13th Avenue, Sidney, Nebraska.



G.F. Anthony, MMC
City Clerk Treasurer



Gary C. Person
City Manager/Economic Development Director

CITY OF SIDNEY, NEBRASKA
GOVERNMENT-WIDE STATEMENT OF NET POSITION

EXHIBIT A

September 30, 2014

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,205,077	\$ 3,116,446	\$ 10,321,523
Cash with Fiscal Agent	137,148	-	137,148
Equity in Pooled Cash and Investments	3,133,388	7,779,496	10,912,884
Receivables (Net of Allowances for Uncollectibles)			
Taxes	715,747	-	715,747
Accounts	-	966,605	966,605
Special Assessments	494,859	10,830	505,689
Accrued Interest	1,611	12,978	14,589
Interfund Balances	(385,288)	385,288	-
Inventory	43,367	624,747	668,114
Bond Issue Costs	31,966	2,768	34,734
Discount on Bonds Payable	-	10,380	10,380
Restricted Assets			
Cash and Cash Equivalents	-	1,967,534	1,967,534
Investments	-	775,155	775,155
Equity in Pooled Cash and Investments	-	128,275	128,275
Capital Assets:			
Land and Land Improvements	940,842	1,733,280	2,674,122
Buildings and Structures	5,828,496	25,602,589	31,431,085
Vehicles	2,855,258	1,058,965	3,914,223
Equipment	4,757,570	6,578,044	11,335,614
Infrastructure	19,869,079	22,711,179	42,580,258
Accumulated Depreciation	(10,733,362)	(26,680,391)	(37,413,753)
TOTAL ASSETS	34,895,758	46,784,168	81,679,926
LIABILITIES			
Current Liabilities:			
Taxes Payable	-	67,218	67,218
Accounts Payable	298,934	182,296	481,230
Accrued Interest	20,128	51,987	72,115
Accrued Salaries and Employee Benefits Payable	81,458	47,548	129,006
Unearned Revenue	-	550	550
Compensated Absences Payable within one year	31,941	19,169	51,110
Bonds, Notes and Leases Payable within one year	594,824	837,972	1,432,796
Other	72,614	315,000	387,614
Customer Deposits Payable	-	223,775	223,775
Total Current Liabilities	1,099,899	1,745,515	2,845,414
Non-Current Liabilities:			
Construction & Demolition Landfill Closure Costs	-	41,015	41,015
Landfill Closure Care	-	1,236,547	1,236,547
Compensated Absences	419,959	243,065	663,024
Bonds, Notes and Leases Payable	8,997,369	8,313,330	17,310,699
Total Non-Current Liabilities	9,417,328	9,833,957	19,251,285
TOTAL LIABILITIES	10,517,227	11,579,472	22,096,699
NET POSITION			
Net Investment in Capital Assets	23,517,883	21,852,364	45,370,247
Restricted for:			
Debt Service	-	1,662,217	1,662,217
Customer Deposits	-	223,775	223,775
Landfill Closure	-	930,995	930,995
Unrestricted	860,648	10,535,345	11,395,993
TOTAL NET POSITION	\$ 24,378,531	\$ 35,204,696	\$ 59,583,227

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

EXHIBIT B

For the Year Ended September 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities							
General Government	\$ 2,412,027	\$ -	\$ -	\$ 375,347	\$ (2,036,680)	\$ -	\$ (2,036,680)
Public Safety	1,761,027	-	-	-	(1,761,027)	-	(1,761,027)
Public Works	1,822,983	11,579	807,517	-	(1,003,887)	-	(1,003,887)
Health & Social Services	356,122	6,613	215,236	-	(134,273)	-	(134,273)
Culture and Recreation	2,079,962	982,766	4,000	-	(1,093,196)	-	(1,093,196)
Interest on Long-Term debt	253,139	-	-	-	(253,139)	-	(253,139)
Total Governmental Activities	8,685,260	1,000,958	1,026,753	375,347	(6,282,202)	-	(6,282,202)
Business-Type Activities							
Electric	7,659,114	7,673,429	-	-	-	14,315	14,315
Water	1,966,455	2,017,798	-	-	-	51,343	51,343
Sewer	1,014,815	1,018,722	-	-	-	3,907	3,907
Landfill	1,439,727	1,378,240	-	-	-	(61,487)	(61,487)
Total Business-Type Activities	12,080,111	12,088,189	-	-	-	8,078	8,078
Total Primary Government	\$ 20,765,371	\$ 13,089,147	\$ 1,026,753	\$ 375,347	(6,282,202)	8,078	(6,274,124)

General Revenues:

Taxes:

Property Taxes	1,592,700	-	1,592,700
Sales Tax	4,089,842	-	4,089,842
Other Local Taxes	477,824	-	477,824
Motor Vehicle Taxes	204,880	-	204,880
Intergovernmental Revenues	218,701	-	218,701
Franchise Fees	756,200	-	756,200
Miscellaneous State Revenues	71,524	-	71,524
Investment Income	12,952	77,426	90,378
Miscellaneous Revenues	78,223	115,608	193,831
Insurance Proceeds	15,918	2,715	18,633
Capital Contribution	614,181	19,782	633,963
Total General Revenues and Transfers	8,132,945	215,531	8,348,476
Change in Net Position	1,850,743	223,609	2,074,352
Net Position - Beginning	22,527,788	34,981,087	57,508,875
Net Position - Ending	\$ 24,378,531	\$ 35,204,696	\$ 59,583,227

Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS

EXHIBIT C

September 30, 2014

	General Fund	Street Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 1,279,417	\$ 1,356,756	\$ 1,544,764	\$ 2,101,404	\$ 922,736	\$ 7,205,077
Cash with Fiscal Agent	112,928	-	24,220	-	-	137,148
Equity in Pooled Cash and Investments	2,818,945	(700)	-	-	315,143	3,133,388
Receivables (Net of Allowances for Uncollectibles)						
Taxes	580,692	124,661	10,394	-	-	715,747
Special Assessments	-	-	494,859	-	-	494,859
Accrued Interest	1,273	-	-	-	338	1,611
Inventory	43,367	-	-	-	-	43,367
TOTAL ASSETS	\$ 4,836,622	\$ 1,480,717	\$ 2,074,237	\$ 2,101,404	\$ 1,238,217	\$ 11,731,197
LIABILITIES						
Liabilities						
Due to/Due from Other Funds	\$ -	\$ -	\$ 385,288	\$ -	\$ -	\$ 385,288
Accounts Payable	45,101	253,833	-	-	-	298,934
Compensated Absences Payable	22,078	9,863	-	-	-	31,941
Accrued Salaries Payable	73,060	8,398	-	-	-	81,458
Claims Payable	72,614	-	-	-	-	72,614
Total Liabilities	212,853	272,094	385,288	-	-	870,235
DEFERRED INFLOWS OF RESOURCES						
Unavailable Property Tax Revenue	32,725	-	7,747	-	-	40,472
Uncollected Special Assessments	-	-	318,963	-	-	318,963
Total Deferred Inflows of Resources	32,725	-	326,710	-	-	359,435
FUND BALANCES						
Nonspendable	43,367	-	-	-	-	43,367
Restricted	-	1,208,623	1,362,239	-	-	2,570,862
Committed	170,818	-	-	2,101,404	1,238,217	3,510,439
Unassigned	4,376,859	-	-	-	-	4,376,859
Total Fund Balances	4,591,044	1,208,623	1,362,239	2,101,404	1,238,217	10,501,527
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,836,622	\$ 1,480,717	\$ 2,074,237	\$ 2,101,404	\$ 1,238,217	\$ 11,731,197

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENTS OF NET POSITION

EXHIBIT D

September 30, 2014

Total fund balance - total governmental funds		\$ 10,501,527
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
	Governmental Capital Assets	34,251,245
	Less: Accumulated Depreciation	<u>(10,733,362)</u>
		23,517,883
Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:		
Bond Issue Costs		31,966
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds and Notes Payable	9,592,193
	Compensated Absences Payable	<u>419,959</u>
		(10,012,152)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		
		(20,128)
Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds.		
		318,963
Property tax revenues are not available to pay for current period expenditures and, therefore are deferred in the funds.		
		40,472
		<hr/>
Net Position of Governmental Activities		<u><u>\$ 24,378,531</u></u>

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

EXHIBIT E

GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	General Fund	Street Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,445,950	\$ 1,190,597	\$ 308,673	\$ -	\$ 300,000	\$ 6,245,220
Special Assessments	-	-	360,055	-	-	360,055
Franchise Fees	756,200	-	-	-	-	756,200
Intergovernmental Revenues	260,469	738,462	22,041	-	-	1,020,972
Charges for Services	982,766	11,579	-	-	6,613	1,000,958
Interest	7,104	542	1,692	406	3,208	12,952
Grants	219,236	76,769	-	-	375,347	671,352
Miscellaneous Revenues	54,905	-	1,350	-	21,965	78,220
Total Revenues	6,726,630	2,017,949	693,811	406	707,133	10,145,929
Expenditures						
General Government	1,628,647	-	-	-	681,981	2,310,628
Public Safety	1,605,086	-	-	-	-	1,605,086
Public Works	-	1,046,859	250,972	-	-	1,297,831
Health and Social Services	343,512	-	-	-	-	343,512
Culture and Recreation	1,885,411	-	-	-	-	1,885,411
Capital Outlay	330,158	1,047,445	-	3,467,771	640,176	5,485,550
Bond Payments (Principal, Interest and Charges)	-	-	2,541,623	55,147	-	2,596,770
Total Expenditures	5,792,814	2,094,304	2,792,595	3,522,918	1,322,157	15,524,788
Excess (Deficiency) of Revenues Over Expenditures	933,816	(76,355)	(2,098,784)	(3,522,512)	(615,024)	(5,378,859)
Other Financing Sources (Uses)						
Transfers In	604	356,436	564,012	58,916	7,433	987,401
Transfers Out	(565,955)	(41,148)	(356,436)	-	(23,862)	(987,401)
Insurance Proceeds	-	15,918	-	-	-	15,918
Bond Proceeds	-	-	2,990,000	5,565,000	-	8,555,000
Total Other Financing Sources (Uses)	(565,351)	331,206	3,197,576	5,623,916	(16,429)	8,570,918
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	368,465	254,851	1,098,792	2,101,404	(631,453)	3,192,059
Fund Balances, October 1	4,222,579	953,772	263,447	-	1,869,670	7,309,468
Fund Balances, September 30	\$ 4,591,044	\$ 1,208,623	\$ 1,362,239	\$ 2,101,404	\$ 1,238,217	\$ 10,501,527

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

EXHIBIT F

For the Year Ended September 30, 2014

Net change in fund balances - total governmental funds		\$ 3,192,059
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		5,485,550
Increase in Capital Assets from Contributed Capital		614,182
Deletion of Retired Capital Assets	(1,404,231)	
Deletion of Accumulated Depreciation of Retired Capital Assets	<u>1,381,056</u>	(23,175)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(954,742)
Amortization expense of bond issue costs is reported in the government-wide statement of activities and changes in net position, but the amortization is not recognized as an expenditure in governmental funds.		(3,197)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
	Principal Payments on Bond Payable	2,340,528
	Issuance of Long-Term Debt	<u>(8,555,000)</u>
		(6,214,472)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as an expenditure in governmental funds.		6,299
Compensated absences payments reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(11,733)
Some property taxes and assessments will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.		<u>(240,028)</u>
Change in Net Position of Governmental Funds		<u>\$ 1,850,743</u>

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF NET POSITION

EXHIBIT G

PROPRIETARY FUNDS
September 30, 2014

	Business-Type Activities - Enterprise Funds				Totals
	Electric	Water	Sewer	Landfill	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,130,468	\$ 683,297	\$ 758,530	\$ 544,151	\$ 3,116,446
Equity in Pooled Cash and Investments	7,086,840	226,299	466,266	91	7,779,496
Receivables					
Customer Accounts - Net of Allowances for					
Uncollectible Accounts	576,173	195,500	78,512	116,420	966,605
Special Assessment	-	4,515	6,315	-	10,830
Due to/Due from Other Funds	385,288	-	-	-	385,288
Accrued Interest	10,476	1,426	1,076	-	12,978
Inventory	577,125	47,622	-	-	624,747
Total Current Assets	9,766,370	1,158,659	1,310,699	660,662	12,896,390
Capital Assets:					
Land and Land Improvements	152,138	1,236,255	135,087	209,800	1,733,280
Buildings and Structures	5,364,454	2,679,407	14,458,396	3,100,332	25,602,589
Vehicles	730,520	97,263	190,553	40,629	1,058,965
Equipment	2,695,931	966,025	450,684	2,465,404	6,578,044
Infrastructure	7,200,385	15,510,794	-	-	22,711,179
Accumulated Depreciation	(8,734,010)	(8,530,570)	(5,415,026)	(4,000,785)	(26,680,391)
Total Property and Equipment	7,409,418	11,959,174	9,819,694	1,815,380	31,003,666
Other Assets					
Bond Issue Costs	-	-	-	2,768	2,768
Discount on Bonds Payable	-	-	-	10,380	10,380
Restricted Assets					
Cash and Cash Equivalents	141,623	505,080	389,836	930,995	1,967,534
Investments	200,000	304,950	230,050	40,155	775,155
Equity in Pooled Cash and Investments	93,003	20,105	15,167	-	128,275
Total Other Assets	434,626	830,135	635,053	984,298	2,884,112
TOTAL ASSETS	17,610,414	13,947,968	11,765,446	3,460,340	46,784,168
LIABILITIES					
Current Liabilities					
Taxes Payable	67,218	-	-	-	67,218
Accounts Payable	13,128	129,231	25,308	14,629	182,296
Accrued Interest	-	34,044	13,385	4,558	51,987
Compensated Absences Payable Within One Year	3,482	3,989	3,701	7,997	19,169
Bonds, Notes and Leases Payable Within One Year	-	526,838	191,134	120,000	837,972
Accrued Salaries and Employee Benefits	19,555	9,413	5,584	12,996	47,548
Accrued Customer Return	315,000	-	-	-	315,000
Deferred Revenue	-	550	-	-	550
Customer Deposits	216,560	4,790	-	2,425	223,775
Total Current Liabilities	634,943	708,855	239,112	162,605	1,745,515
Long-Term Liabilities					
Compensated Absences Payable	94,717	63,742	8,413	76,193	243,065
Closure Costs	-	-	-	1,236,547	1,236,547
Construction & Demolition Landfill Closure Costs	-	-	-	41,015	41,015
Bonds and Notes Payable	-	4,081,533	3,191,797	1,040,000	8,313,330
Total Long-Term Liabilities	94,717	4,145,275	3,200,210	2,393,755	9,833,957
Total Liabilities	729,660	4,854,130	3,439,322	2,556,360	11,579,472
NET POSITION					
Net Investment in Capital Assets	7,409,418	7,350,803	6,436,763	655,380	21,852,364
Restricted for:					
Customer Deposits	216,560	4,790	-	2,425	223,775
Debt Service	200,000	827,164	635,053	-	1,662,217
Landfill Closure Costs	-	-	-	930,995	930,995
Unrestricted	9,054,776	911,081	1,254,308	(684,820)	10,535,345
Total Net Position	\$ 16,880,754	\$ 9,093,838	\$ 8,326,124	\$ 903,980	\$ 35,204,696

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

EXHIBIT H

PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Landfill	
Operating Revenue					
Charges for Services	\$ 7,673,429	\$ 2,017,798	\$ 1,018,722	\$ 1,378,240	\$ 12,088,189
Insurance Proceeds	-	-	-	2,715	2,715
Miscellaneous	31,347	42,186	3,080	38,995	115,608
Total Operating Revenue	<u>7,704,776</u>	<u>2,059,984</u>	<u>1,021,802</u>	<u>1,419,950</u>	<u>12,206,512</u>
Operating Expenses					
Administration	1,022,987	918,817	440,449	752,564	3,134,817
Distribution	6,245,232	246,197	-	-	6,491,429
Operation	-	219,864	195,558	510,181	925,603
Depreciation	390,895	459,511	332,050	135,841	1,318,297
Amortization	-	-	-	2,768	2,768
Total Operating Expenses	<u>7,659,114</u>	<u>1,844,389</u>	<u>968,057</u>	<u>1,401,354</u>	<u>11,872,914</u>
Operating Income (Loss)	<u>45,662</u>	<u>215,595</u>	<u>53,745</u>	<u>18,596</u>	<u>333,598</u>
Non-Operating Revenue (Expense)					
Interest Income	63,921	5,433	5,102	2,970	77,426
Interest Expense	-	(122,066)	(46,758)	(38,373)	(207,197)
Contributed Capital	-	8,495	11,287	-	19,782
Total Other Revenue (Expense)	<u>63,921</u>	<u>(108,138)</u>	<u>(30,369)</u>	<u>(35,403)</u>	<u>(109,989)</u>
Income (Loss) Before Contributions & Transfers	109,583	107,457	23,376	(16,807)	223,609
Net Position at Beginning of Year	16,771,171	8,986,381	8,302,748	920,787	34,981,087
Net Position at End of Year	<u>\$ 16,880,754</u>	<u>\$ 9,093,838</u>	<u>\$ 8,326,124</u>	<u>\$ 903,980</u>	<u>\$ 35,204,696</u>

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF CASH FLOWS

EXHIBIT I

PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Landfill	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 7,757,876	\$ 2,027,007	\$ 1,039,541	\$ 1,381,191	\$ 12,205,615
Cash Received from Other Funds for Services	-	-	-	38,995	38,995
Other Cash Operating Receipts	27,869	49,953	380	2,714	80,916
Cash Payments to Suppliers and Employees for Goods and Services	(6,905,560)	(1,301,998)	(623,985)	(1,261,915)	(10,093,458)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	880,185	774,962	415,936	160,985	2,232,068
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	21,265	-	-	-	21,265
NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES	21,265	-	-	-	21,265
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(1,208,809)	(129,719)	(125,448)	-	(1,463,976)
Principal Paid on Bonds and Notes Payable	-	(513,808)	(188,723)	(120,000)	(822,531)
Proceeds from Contributed Capital	-	8,495	11,287	-	19,782
Interest Paid	-	(125,862)	(47,461)	(38,690)	(212,013)
NET CASH (USED FOR) CAPITAL & RELATED FINANCING ACTIVITIES	(1,208,809)	(760,894)	(350,345)	(158,690)	(2,478,738)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	64,429	4,342	4,279	2,970	76,020
(Increase) Decrease in Investments	1,306,014	(35)	(52)	415	1,306,342
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	1,370,443	4,307	4,227	3,385	1,382,362
Net Increase (Decrease) in Cash and Cash Equivalents	1,063,084	18,375	69,818	5,680	1,156,957
Cash and Cash Equivalents, October 1	209,007	1,170,002	1,078,548	1,469,466	3,927,023
Cash and Cash Equivalents, September 30	\$ 1,272,091	\$ 1,188,377	\$ 1,148,366	\$ 1,475,146	\$ 5,083,980
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 45,662	\$ 215,595	\$ 53,745	\$ 18,596	\$ 333,598
Adjustments to Reconcile Net Income to Net Cash Provided by Operations					
Depreciation and Amortization	390,895	459,511	332,050	138,609	1,321,065
(Increase) Decrease in Receivables	62,225	7,695	18,119	2,700	90,739
(Increase) Decrease in Note Receivable	9,429	9,221	-	-	18,650
(Increase) Decrease in Inventories	52,379	(26,091)	-	-	26,288
Increase (Decrease) in Taxes and Accounts Payable	(16,287)	97,190	13,086	(1,214)	92,775
Increase (Decrease) in Other Accruals	307,873	-	161	2,178	310,212
Increase (Decrease) in Compensated Absences Payable	15,607	10,785	(2,414)	(1,670)	22,308
Increase (Decrease) in Accrued Salaries Payable	3,087	996	1,189	1,536	6,808
Increase (Decrease) in Customer Deposits Payable	9,315	60	-	250	9,625
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 880,185	\$ 774,962	\$ 415,936	\$ 160,985	\$ 2,232,068

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION

EXHIBIT J

AGENCY FUND
September 30, 2014

Assets	
Cash	\$ 225,151
Total Assets	<u>225,151</u>
Liabilities	
Due to Projects	86,992
Due to Other Governments	<u>138,159</u>
Total Liabilities	<u>225,151</u>
Net Position	<u>\$ -</u>

Notes to the Financial Statements are an integral part of these statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City Council (the Council) is the basic level of government, which has oversight responsibility and control over all activities related to the City of Sidney (the City). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. The City receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Component Units

The financial statements of the City include the accounts of all City operations. The financial statements include the following component units:

1. The Sidney Area Solid Waste Agency is a blended component unit, meaning although it is a legally separate entity, it is in substance part of the City's operations. The agency was created pursuant to Sections 13-801 to 13-827 of R.R.S. Nebraska 1943 as amended and is the owner of the Sidney Area's Solid Waste Landfill. The City and the Agency entered into an agreement whereas the City has been designated manager and operator of the Sidney Area Solid Waste Landfill. The agency is included in the Landfill Enterprise Fund.
2. The Sidney Housing Authority was reported as a discretely presented component unit in prior years which was comprised of the Sioux Villa Fund and the Western Heritage Fund. The Sidney Housing Authority of the City of Sidney voted on May 10, 2011 to fully separate the operations of the Housing Authority from the City of Sidney, effective as of October 1, 2011.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, sales taxes, highway user fees, interdepartmental charges, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

Government funds include the following fund types:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds account for revenues sources that are legally restricted to expenditure for specific purposes. These, for the City, also happen to be the five non-major governmental funds the City hold. They are an Economic Development, Cemetery, Golf Development, Unemployment and a Boy Scout Fund.

The debt service fund accounts for the servicing of general long-term debt not being financed by proprietary funds.

The capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund.

The Street Fund accounts for the resources accumulated and payments made for the maintenance, construction, and improvement of the streets in the City.

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related expenses of general long-term debt paid primarily from taxes. The fund balance of the Debt Service Fund is reserved to signify that the amounts are restricted exclusively for debt service expenditures.

The Capital Projects Fund is used to account for funds received and expended for the construction, renovation, expansion and major improvements of various City facilities, acquisition of land, and other large nonrecurring projects.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position. The City reports the following major enterprise funds:

The Electric Fund accounts for the activities of the City's electric distribution operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Electric debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Water Fund accounts for the activities of the City's water distribution operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Water debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Sewer Fund accounts for the activities of the City's wastewater utility. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Sewer debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Landfill Fund accounts for all operations of the Sidney Area Solid Waste Agency and the activities of the City's sanitation operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Landfill debt.

Additionally, the City reports the following fund type:

The Agency Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the business-type functions and various other functions of the government. Elimination of these charges would not distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

D. Assets, Liabilities and Net Position or Equity

1. Cash and Cash Equivalents and Cash with Fiscal Agent

Cash is comprised of the City's checking and savings accounts, money market accounts, and certificates of deposit with maturity dates of three months or less from purchase date. Cash with fiscal agent represents taxes collected by the county treasurer but not remitted to the City as of September 30, 2014.

2. Equity in Pooled Cash and Investments

Equity in pooled cash and investments consist of each fund's excess cash that is pooled with other funds' cash and invested through a brokerage firm or local banks in certificates of deposits, savings accounts and government securities. This is an internal investment pool between the City's funds. The city treasurer is responsible for making investment decisions and monitors the accounts.

3. Receivables

Receivables are stated net of an allowance for uncollectible accounts. In the governmental fund financial statements, taxes receivable are offset by the deferral of the related revenues until payment is received, except amounts received within sixty days of the balance sheet date. Special assessments receivable is investments purchased from external entities. Other receivables include notes and merchandise receivables, and receivables for requested cost reimbursement relating to capital projects.

4. Inventory

Inventory consists of golf resale inventory in the general fund and repair parts and supplies to be used in the Enterprise Funds. Inventory is valued at cost. The costs of inventories are recorded as expenses when consumed rather than when purchased.

5. Interfund Transactions

The City eliminates interfund transactions in the government-wide financial statements, with the exception of charges between the business-type functions and various other functions of the government.

6. Bond Issue Costs

Bond issue costs consist of the costs incurred related to bond issuance in the proprietary funds. These costs are capitalized and amortized over the term of the bonds using the straight-line method.

7. Discount on Bonds Payable

Discount on bonds payable in the proprietary funds are deferred and amortized over the life of the bonds using the straight-line method.

8. Restricted Assets

Investments consist of certificates of deposit with maturity dates of more than three months from the purchase date. Certain bank accounts and investments are used to hold and pay customer deposits in the enterprise funds. The landfill enterprise fund includes cash that is restricted for payment of closure and post-closure costs.

9. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges,

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed.

Interest costs for fixed-asset construction within enterprise funds are capitalized. However, all other interest costs are expensed in the debt service fund.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	10 - 50
Improvements	5 - 40
Infrastructure	20 - 35
Equipment	2 - 20
Utility Plant	30 - 40

10. Taxes Payable and Accounts Payable

Taxes Payable includes payroll taxes and sales taxes. Accounts payable represents amounts due for goods or services received but not paid for at September 30, 2014.

11. Compensated Absences Payable and Accrued Salaries Payable

Compensated absences payable and accrued salaries payable include accrued payroll payable, and vacation and sick leave earned but not paid as of the fiscal year end.

12. Due to/Due from Other Funds

Due to/due from other funds is long-term borrowing between funds.

13. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the fund level financial statements will sometimes report a separate section for deferred outflows of resources and for deferred inflows of resources. A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Accordingly, the unavailable revenue of property taxes of \$40,472 and uncollected special assessments of \$318,963 are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

14. Other Liabilities

Other liabilities include health insurance payables, landfill closure costs payable and payables due on CDBG projects.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

15. Customer Deposits Payable

Funds hold cash as a deposit until certain conditions of an agreement are met, at which time the cash is returned to the owner. Occasionally, the owner will default on the conditions and the cash held as a deposit becomes the property of the City and is recorded as revenue at that time.

16. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

17. Deferred Loss on Early Retirement of Debt

Deferred loss on early retirement of debt is the result of the proprietary funds advance refunding of utilities revenue and refunding bonds. This deferred loss was capitalized and is amortized over the term of the bonds using the straight-line method.

18. Fund Equity

Government-Wide Statements:

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for deferred inflows and outflows of resources attributable to capital assets and long-term debt.
- b. *Restricted* – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets with restriction constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Of the total net position, \$1,662,217 is restricted for future debt service, \$223,775 customer deposits, and \$930,995 landfill closure.
- c. *Unrestricted* – Net amounts of assets, deferred inflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements:

Beginning with fiscal year 2011, the City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts the City intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Council established (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This could typically be done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose.

The City strives to maintain an unassigned fund balance to be used for unanticipated emergencies that should arise from state funding shortfalls.

19. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

20. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reporting period. Actual results could differ from these estimates.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The results of audit tests disclosed no instances of noncompliance that are considered material to the financial statements or that is required to be reported under *Government Auditing Standards*.

Note 3: DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Cash Equivalents and Investments

State laws authorize the City, with the consent of its Council, to invest the funds of the City in securities of which individuals of prudence, discretion and intelligence acquire or retain in dealing with the property of others. The City may also invest in certificates of deposit of banks that are members of the FDIC to the extent that deposits are insured by the FDIC.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Internal Investment Pool

The City maintains a cash and investment pool that is available for use by all funds. Each fund types' portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments." Included in this account are certificates of deposit and savings accounts from local banks and investments from a brokerage firm that include certificates of deposit and government securities. In addition, the City has other assets that are classified as investments. Investments are stated at cost, which approximates fair value, with accrued interest shown under a separate caption on the balance sheet.

The following summarizes cash and cash equivalents, equity in pooled cash and investments, investments, and cash with fiscal agent by fund type at September 30, 2014.

	Cash and Cash Equivalents	Equity in Pooled Cash & Investments	Investments	Subtotal	Cash with Fiscal Agent	Totals
General Fund	\$ 1,279,417	\$ 2,818,945	\$ -	\$ 4,098,362	\$ 112,928	\$ 4,211,290
Special Revenue Funds	2,279,492	314,443	-	2,593,935	-	2,593,935
Debt Service Fund	1,544,764	-	-	1,544,764	24,220	1,568,984
Capital Project Fund	2,101,404	-	-	2,101,404	-	2,101,404
Proprietary Funds	5,083,980	7,907,771	775,155	13,766,906	-	13,766,906
Agency Fund	225,151	-	-	225,151	-	225,151
Totals	\$ 12,514,208	\$ 11,041,159	\$ 775,155	\$ 24,330,522	\$ 137,148	\$ 24,467,670

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. At September 30, 2014, the City had bank balances of \$25,439,690, (this does not reflect outstanding checks or deposits in transit). Cash and Cash equivalents include demand deposits that at the balance sheet date were entirely insured or collateralized as of September 30, 2014. All securities are held by the City's pledging financial institution, but not in the City's name.

B. Capital Assets

Details of Capital Assets

Capital asset activity for the year fiscal year ended September 30, 2014 is as follows:

	October 1, 2013			September 30, 2014	
	Balance	Additions	Deletions	Balance	
Governmental Activities					
Land/Land Improvements	\$ 865,819	\$ 75,023	\$ -	\$ 940,842	
Structures	3,895,766	44,465	-	3,940,231	
Buildings	1,888,101	34,409	34,245	1,888,265	
Vehicles	3,092,872	54,514	292,128	2,855,258	
Equipment	5,551,716	283,712	1,077,858	4,757,570	
Infrastructure	14,261,468	5,607,611	-	19,869,079	
Total	\$ 29,555,742	\$ 6,099,734	1,404,231	\$ 34,251,245	

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Less Accumulated Depreciation:	October 1, 2013			September 30, 2014
	Balance	Additions	Deletions	Balance
Building/Structure	\$ 1,895,990	\$ 101,893	\$ 34,245	\$ 1,963,638
Vehicles	2,117,245	184,828	291,004	2,011,069
Equipment	4,386,420	224,047	1,055,804	3,554,663
Infrastructure	2,760,018	443,974	-	3,203,992
Total	\$ 11,159,673	\$ 954,742	\$ 1,381,053	\$ 10,733,362

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 62,733
Public Safety	170,146
Public Works, which includes the depreciation of general infrastructure assets	521,957
Health & Social Services	20,911
Culture and Recreation	178,995
	<u>\$ 954,742</u>

Business-Type Activities

A summary of the Proprietary Fund Fixed Assets as of September 30, 2014 is as follows:

Proprietary Activities	October 1, 2013			September 30, 2014
	Balance	Additions	Deletions	Balance
Land/Land Improvements	\$ 1,727,441	\$ 5,839	\$ -	\$ 1,733,280
Buildings and Structures	25,586,489	16,100	-	25,602,589
Vehicles	1,157,595	232,187	330,817	1,058,965
Equipment	7,516,421	887,229	1,825,606	6,578,044
Infrastructure	22,388,558	322,621	-	22,711,179
Total	\$ 58,376,504	\$ 1,463,976	\$ 2,156,423	\$ 57,684,057

Less Accumulated Depreciation:	October 1, 2013			September 30, 2014
	Balance	Additions	Deletions	Balance
Building/Structure	\$ 10,158,647	\$ 441,530	\$ -	\$ 10,600,177
Vehicles	1,054,024	30,668	357,308	727,384
Equipment	4,433,525	222,949	1,156,602	3,499,872
Infrastructure	11,863,484	623,150	633,676	11,852,958
Total	\$ 27,509,680	\$ 1,318,297	\$ 2,147,586	\$ 26,680,391

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

C. 1. Details of Long-Term Liabilities

Governmental Activities

Bonds Payable – General Obligation Bonds Payable

General Obligation Bonds Payable at September 30, 2014 is comprised of the following individual issues:

\$1,055,000 General Obligation Bonds issued for the purpose of purchasing and maintaining public safety vehicles and equipment due in annual installments; paying and redeeming \$1,055,000 of Public Safety Bonds dated January 8, 2008; due in annual installments through December 15, 2017; interest at 3.25-3.90% \$ 465,000

Changes in General Obligation Bonds Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Issued	Bonds Paid	Balance September 30	Amounts Due within One Year
Public Safety Bonds	1/8/2008	3.25 - 3.90%	\$ 570,000	\$ -	\$ 105,000	\$ 465,000	\$ 110,000
Total			\$ 570,000	\$ -	\$ 105,000	\$ 465,000	\$ 110,000

General Obligation Bonds Payable at September 30, 2014 has the following maturities:

Fiscal Year	Principal	Interest	Total
2015	\$ 110,000	\$ 15,475	\$ 125,475
2016	115,000	11,368	126,368
2017	120,000	6,960	126,960
2018	120,000	2,340	122,340
	\$ 465,000	\$ 36,143	\$ 501,143

Bonds Payable – Various Purpose Bonds Payable

On September 30, 2014 the City issued \$1,915,000 of Series 2014 General Obligation Bonds issued for the purpose of paying and redeeming the City's previously issued and outstanding General Obligation Bonds, Series 2009. Debt and interest refunded included \$2,514,776. \$2,337,336 will be required to service the new debt. With the refunding, the City reduced its aggregate debt service to maturity by \$177,440 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$151,380. The refunded bonds are considered to be defeased and the liability has been removed from the long-term debt schedule listed in these notes

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Various Purpose Bonds Payable at September 30, 2014 is comprised of the following individual issues:

\$3,315,000 Various Purpose Refunding Bonds, Series 2009, due in annual installments through June 15, 2024; interest at 1.050-4.2%	\$ 260,000
\$1,915,000 Various Purpose Refunding Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-2.450%	1,915,000
\$1,520,000 Recreational Facilities Infrastructure Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-3.0%	1,520,000
\$1,075,000 SID & SSED Various Purpose Bonds, Series 2014, due in annual installments through December 15, 2029; interest at 0.40-3.40%	1,075,000
\$4,045,000 SID 58 & 59 Bond Anticipation Notes, Series 2014, balloon payment due June 15, 2017; interest at 0.75%	4,045,000
\$510,000 Tax Increment Revenue Bonds, Series 2011, due in semi-annual installments through December 15, 2023; interest at 4.0%	312,193
	\$ 9,127,193

Funds are accumulated from assessments, interest collections and tax levies.

Changes in Various Purpose Bonds Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Issued	Bonds Paid	Balance September 30	Amounts Due Within One Year
Combined Utility Revenue Bonds	09/30/03	1.25-4.3%	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -
Various Purpose Refunding Bonds	12/01/09	1.05-4.2%	2,390,000	-	2,130,000	260,000	260,000
Various Purpose Refunding Bonds	09/30/14	0.40-2.45%	-	1,915,000	-	1,915,000	-
Recreational Facility Public Infra. Bonds	01/02/14	0.40-3.00%	-	1,520,000	-	1,520,000	145,000
SID & SSED Various Purpose Bonds	07/03/14	0.40-3.40%	-	1,075,000	-	1,075,000	-
SID 58 & 59 Bond Anticipation Notes	07/02/14	0.75%	-	4,045,000	-	4,045,000	-
Tax Increment Revenue Bond	07/01/11	4.00%	357,721	-	45,528	312,193	79,824
Total			\$ 2,807,721	\$ 8,555,000	\$ 2,235,528	\$ 9,127,193	\$ 484,824

Various Purpose Bonds Payable at September 30, 2014 has the following maturities:

Fiscal Year	Principal	Interest	Total
2015	\$ 484,824	\$ 142,649	\$ 627,473
2016	618,884	111,996	730,880
2017	4,608,485	104,797	4,713,282
2018	420,000	67,497	487,497
2019	425,000	62,861	487,861
2020-2024	2,095,000	197,159	2,292,159
2025-2029	390,000	45,766	435,766
2030	85,000	1,445	86,445
	\$ 9,127,193	\$ 734,170	\$ 9,861,363

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Tax Increment Revenue Bond

During a past fiscal year, a series 2011 Tax Increment Revenue Bond of \$510,000 was issued for the purpose of paying costs of constructing street improvements serving the East Old Post Road area. The bond is due in semi-annual installments at a rate of four percent. Payments shall be paid from available funds which include levied real estate taxes and proceeds of the business occupation tax imposed on businesses with respect to certain real estate located within the project area. The bonds were purchased by the City of Sidney Electric Fund and are shown as a long term investment of that fund.

Changes in Long-Term Liabilities

Description	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
General Obligation Bonds Payable	\$ 570,000	\$ -	\$ 105,000	\$ 465,000	\$ 110,000
Various Purpose Bonds Payable	2,807,721	8,555,000	2,235,528	9,127,193	484,824
Compensated Absences	442,384	9,516	-	451,900	31,941
	<u>\$ 3,820,105</u>	<u>\$ 8,564,516</u>	<u>\$ 2,340,528</u>	<u>\$ 10,044,093</u>	<u>\$ 626,765</u>

2. Business-Type Activities – Long-Term Liabilities

Bonds and Notes Payable

\$770,000 Revenue Refunding Bonds issued to the Sidney Area Solid Waste due in annual installments through August 15, 2016 with .900-2.95% interest rates	\$ 245,000
\$915,000 Waste Disposal Facilities Revenue Bonds issued to the Sidney Area Solid Waste due in semi-annual installments through August 15, 2026 with 2.10-3.95% interest rates	915,000
Total Bonds Payable	1,160,000
\$7,975,000 Note Payable to Nebraska Department of Environmental Quality for improvements to public water supply, storage, and distribution, due in semi-annual installments through June 15, 2022 with a 2.52% interest rate and a 1% administration fee.	4,178,747
\$825,000 Note Payable to Nebraska Department of Environmental Quality for land acquisition for new water well field, due in semi-annual installments through June 15, 2022 with a 2.52% interest rate and a 1% administration fee.	429,624
\$2,750,000 Note Payable to Nebraska Department of Environmental Quality for improvements to wastewater treatment system, due in semi-annual installments through June 15, 2030 with a 2.00 % interest rate and administration fee waived for the life of the loan.	2,282,930
\$1,375,000 Note Payable to Nebraska Department of Environmental Quality for improvements to wastewater treatment system, due in semi-annual installments through June 15, 2030 with a 0.00 % interest rate and administration fee waived for the life of the loan (ARRA funding).	1,100,000
Total Notes Payable	7,991,301
Total Bonds and Notes Payable	\$ 9,151,301

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

The City has included the bonded indebtedness of the Sidney Area Solid Waste Agency into these financial statements. The City has control of the agency with the agency to provide money for the payment of the bonded indebtedness. All receipts and expenditures of the agency will be the City's responsibility.

Bonds and Notes Payable have the following maturities:

Fiscal Year	Principal	Interest	Total
2015	\$ 837,973	\$ 194,052	\$ 1,032,025
2016	858,793	175,173	1,033,966
2017	830,001	155,276	985,277
2018	851,607	136,991	988,598
2019	868,620	117,895	986,515
2020-2024	3,344,567	303,919	3,648,486
2025-2029	1,326,035	71,981	1,398,016
2030	233,705	2,479	236,184
	<u>\$ 9,151,301</u>	<u>\$ 1,157,766</u>	<u>\$ 10,309,067</u>

Changes in Bonds and Notes Payable

Description	Issue Date	Interest Rate	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
Sidney Area Solid Waste Waste Disposal Facilities Revenue Bonds - 2011 Series	07/19/11	2.10 - 3.95%	\$ 915,000	\$ -	\$ -	\$ 915,000	\$ -
Sidney Area Solid Waste Revenue Refunding Bonds - 2010 Series	02/16/10	.900 - 2.95%	365,000	-	120,000	245,000	120,000
Note Payable - Nebraska DEQ - Water Project	2004	2.52%	4,644,655	-	465,908	4,178,747	477,723
Note Payable - Nebraska DEQ - Water Project Land	2003	2.52%	477,525	-	47,901	429,624	49,116
Note Payable - Nebraska DEQ - Sewer Construction	2009	2.00%	2,402,903	-	119,973	2,282,930	122,384
Note Payable - Nebraska DEQ ARRA Sewer Construction	2009	0.00%	1,168,750	-	68,750	1,100,000	68,750
Total			<u>\$ 9,973,833</u>	<u>\$ -</u>	<u>\$ 822,532</u>	<u>\$ 9,151,301</u>	<u>\$ 837,973</u>

D. Interfund Transactions

Operating Transfers are authorized cash transfers between funds. The following is a schedule of operating transfers:

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Fund	Transfers In	Transfers Out
General Fund	\$ 604	\$ 565,955
Street Fund	356,436	41,148
Debt Service Fund	564,012	356,436
Non-Major Governmental Funds	66,349	23,862
Total Operating Transfers	\$ 987,401	\$ 987,401

Transfers are used to utilize the Debt Service Fund by maintaining debt related payments in that fund, therefore, governmental activities funds transfer debt payments to this fund. The remaining transfers were for operating purposes and were within the normal operations of the City.

Due to/Due from Other Funds are advances from other funds. These interfund balances were the result of internal financing. The balance of \$385,288 is not expected to be repaid within one year, with \$127,591 of the balance scheduled to be paid over seven years. The following is a schedule of due to/due from other funds:

Fund	Due From Other Funds	Due to Other Funds
Debt Service Fund	\$ -	\$ 385,288
Electric Fund	385,288	-
Total Due From/To Other Funds	\$ 385,288	\$ 385,288

Note 4: OTHER INFORMATION

A. Landfill Closure and Post-Closure Cost

The Nebraska Environmental Protection Act, the Integrated Solid Waste Management Act, and the Nebraska Administrative Code Title 132-Integrated Solid Waste Management Regulations require owners of a solid waste disposal area to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance monitoring functions at the site after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year end.

The amount of \$1,236,547 was reported as landfill closure and post closure care liability at September 30, 2014, which represents 52.90 percent of the cumulative landfill closure and post closure care liability of \$2,337,397. As a result of the new landfill cell configuration that was completed during the prior fiscal year, the City has used approximately 18.86 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$1,100,850 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care of \$2,337,397 in fiscal year 2014. The City expects to close the landfill in the year 2044. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

The City submitted to the State of Nebraska Department of Environmental Quality a request to modify the cell configuration at the facilities. It was accepted November 17, 2011. The cost estimates for new closure costs and post-closure costs were revised when the Department of Environmental Quality approved these modifications. As the result of the cell modification, the life of the landfill has been extended for over 30 years. However, the remaining site life is assumed to be the maximum of 30 years as allowed by the State of Nebraska Department of Environmental Quality.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

The \$41,015 reported as construction and demolition landfill closure and post closure care liability at September 30, 2014, represents the cumulative amount reported to date based on the use of the expected life of 30 years. The City will recognize the remaining estimated cost of closure and post closure care of \$55,841 as the remaining estimated years end. These amounts are based on what it would cost to perform all closure and post closure cares of \$96,856 in fiscal year 2014. The City expects to close the landfill in the year 2044. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

The City is required to make annual contributions to a separate account to finance closure and post-closure care. The City is in compliance with these requirements and, at September 30, 2014, investments of \$930,995 are held for these purposes. These are reported as restricted assets on the balance sheet. The City expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (because of changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

B. Tax Increment Financing (TIF)

During the 1996 - 1997 year, the City Council created the Community Development Agency of the City of Sidney, Nebraska. The purpose of the Agency is to assist with redevelopment of real estate located within the City. The Agency has all of the powers of a redevelopment authority provided for under the Community Development Law of the State of Nebraska. As of September 30, 2014 the Agency has four contracts issued. To finance these grants the Agency originally issued separate bonds totaling \$4,324,502. The outstanding balance of these bonds, as of September 30, 2014 was \$4,684,738. These bonds constituted limited obligations of the Agency payable exclusively from real estate taxes from certain real estate located within the respected project areas. These real estate taxes have been pledged for the payment of the separate bond issues and are not included in these financial statements. The City acts only as a paying agent by receiving the tax money from the county and paying the bond payments to the bondholders. This activity is included in the Agency Fund.

C. Unemployment Insurance

Unemployment insurance is paid by the City on a reimbursement basis to the State of Nebraska.

D. Risk Management

The City is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City is covered by commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The City is currently involved in legal actions where certain parties have made tort claims for damages. Management believes the outcome of these proceedings will not have any material financial impact on the City.

E. Pension Plans

General Government – The City participates in the City of Sidney, Nebraska 401(K) Employee Savings Plan, which covers all employees except for police. Under the plan, each employee participating in the plan can contribute up to 15 percent of salary to the plan. The City will make a contribution on behalf of the employee in the amount matching the percent of the contribution made by the employee up to a maximum of six percent. City contributions for the employees range from three and one half percent to six and one half percent. Contributions are submitted monthly. Contributions to the plan by the City were \$158,904 for the year while employee contributions totaled \$188,964.

Police Employees – City of Sidney police sworn officers are covered by a separate pension plan, which was amended on January 1, 1989. Each police officer participating in the retirement system must contribute six

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

and one half percent of salary. Such payment shall be made by regular payroll deductions from said salary and shall be credited to the employees account on a monthly basis. The City contributed to the retirement system a sum equal to six percent of the participating employee's salary. Employer contributions to the plan for the year ended September 30, 2014, were \$47,663 and employee contributions were \$47,663.

F. Contingencies and Commitments

A movement towards property tax reduction is present in the political and legal environment in the State of Nebraska. The City will be subject to a tax levy limit of \$.45 per hundred dollars of assessed valuation for the 2014-2015 year. In addition, the full impact of current legislation and proposed initiatives regarding spending and revenue limitations cannot be assessed.

G. Compensated Absences

Compensated absences payable has been recorded in accordance with GASB (Governmental Accounting Standards Board), Statement 16. Employees earn vacation leave based on hours worked and years of employee service. Sick leave accrues at the rate of eight hours per full month of service. Upon termination, an employee is paid for unused vacation accrued. After two full years of continued service, employees will be paid at termination, one day for every two days of sick leave accrued, based on years of employment and employment status.

Compensated absence liabilities related to governmental funds are recorded in both governmental funds and the government wide. The portion of the liability expected to be funded by current available resources is recognized in the governmental funds. The portion of the liability that is not expected to be funded by current available resources is recognized in the government wide statement. For the proprietary fund types, compensated absence liabilities are recorded as individual fund liabilities.

H. Group Medical Insurance

The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees which began on September 1, 2013. The City makes a predetermined contribution to the plan each month for a portion of health insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their health insurance coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific annual deductible of \$25,000 per individual and with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a minimum attachment of \$917,687. The attachment may go up based on increased enrollment, but the minimum or lowest it will ever be is \$917,687. The aggregate contract will pay up to \$1,000,000 on total claims over the attachment point. The total annual maximum outlay for premiums, claims, administration, and laser liability as of September 30, 2014 is \$1,578,628.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan the city reimburses the insurance company for the amount of each claim paid. The insurance company charges the City for a fee for this service.

At September 30, 2014, the amount of estimated claims payable was \$72,614. Changes in the reported liability since October 1, 2012 resulted from the following:

Fiscal Year	Balance October 1	Current Year Claims	Claim Payments	Balance September 30
2012-2013	\$ -	\$ 41,819	\$ -	\$ 41,819
2013-2014	41,819	951,109	920,314	72,614

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an independent consultant.

I. Fund Equity

Reservations of fund balances and net assets represent amounts that are legally segregated and that cannot be appropriated in subsequent years. Designations of unreserved fund equity reflect tentative management plans or intent for future use of available financial resources. At September 30, 2014, \$1,380,239 of the Debt Service Fund's fund balance was reserved for repayments of debt.

At September 30, 2014, the following amounts of net position were reserved: The Landfill Fund's reserve includes \$930,995 reserved for landfill closure costs and \$2,425 for customer deposits. The Electric Fund reserved \$216,560 for customer deposits and \$200,000 for bond reserves. The Water fund reserved \$4,790 for customer deposits and \$827,164 for future bond payments, where the City is collecting a \$15 per month fee to pay the payments when due. The Sewer Fund reserved \$635,053 for future bond payments, where the City is collecting a \$5.50 per month fee to pay the payments when due.

J. Library Foundation

In 2003, The Library Board, a component of the City, began a foundation primarily for the expansion of the library. These funds are within the City authority. The City will budget for the resource and expenditures of these funds. On September 30, 2014, the Foundation had the \$6,097 in a checking account, and \$179,085 invested in a savings account and certificates of deposit.

CITY OF SIDNEY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND
MAJOR SPECIAL REVENUE FUND - BUDGETARY BASIS

EXHIBIT L

For the Year Ended September 30, 2014

	General Fund			Street Fund		
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance October 1	\$ 2,852,810	\$ 2,852,810	\$ -	\$ 902,223	\$ 902,223	\$ -
Resources (inflows):		See Note			See Note	
Personal and Real Property Taxes	1,224,025	1,153,060	(70,965)	151,000	57,698	(93,302)
Federal Receipts	3,137,210	-	(3,137,210)	-	-	-
Motor Vehicle Pro-Rate	3,900	3,998	98	-	-	-
Highway Allocation and Incentive	-	-	-	660,223	730,748	70,525
Motor Vehicle Fee	-	-	-	57,796	59,519	1,723
State Receipts Other	45,737	222,689	176,952	-	7,714	7,714
Motor Vehicle Tax	138,934	145,361	6,427	-	-	-
Sales Tax	3,001,318	3,028,896	27,578	674,043	880,982	206,939
Local Receipts Local	3,420,126	1,973,504	(1,446,622)	6,478,300	308,696	(6,169,604)
Other Financing Sources	-	604	604	-	356,436	356,436
Amounts available for appropriation	10,971,250	6,528,112	(4,443,742)	8,021,362	2,401,793	(5,619,569)
Charges to appropriations (outflows):						
General Government	5,080,514	1,664,979	3,415,535	-	-	-
Public Safety	1,617,512	1,605,086	12,426	-	-	-
Streets	-	-	-	972,907	823,773	149,134
Health & Social Services	356,494	343,512	12,982	-	-	-
Culture and Recreation	1,768,594	1,904,887	(136,293)	-	-	-
Capital Outlay	2,541,020	330,158	2,210,862	1,806,382	1,047,445	758,937
Other Financing Uses	285,025	565,955	(280,930)	6,000,000	41,148	5,958,852
Total charges to appropriations	11,649,159	6,414,577	5,234,582	8,779,289	1,912,366	6,866,923
Budgetary Fund Balance, September 30	\$ 2,174,901	\$ 2,966,345	\$ 790,840	\$ 144,296	\$ 1,391,650	\$ 1,247,354

See accompanying note to Supplemental Information budgetary comparison schedules.

NOTES TO THE SUPPLEMENTARY INFORMATION (SI) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGETARY BASIS

SEPTEMBER 30, 2014

A. Budget and Budgetary Accounting

The City is required by state law to adopt annual budgets for all funds. The budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act. The City files an All-Purpose Budget for all funds.

State Statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations. Proprietary funds are also allowed to follow the municipal proprietary function act when filing their budget.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

As of August 1, or shortly thereafter, the department heads submit to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to the budget filing date, the budget is legally adopted by the Council through passage of an ordinance.

Total actual expenditures may not legally exceed the total budget of expenditures. Appropriations for expenditures lapse at year-end. Revisions require a public hearing and council approval.

The property tax request for the prior year shall be the property tax request for the current year for purposes of the levy set by the County Board of Equalization unless the governing body of the City passes, by a majority vote, a resolution or ordinance setting the tax request at a different amount prior to October 13.

The resolutions shall only be passed after a special hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the City at least five days prior to the hearing.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with the procedures discussed above, which attaches as an enforceable lien on property within the City as of January 1. Taxes are due as of that date. One-half of the real estate taxes due January 1 become delinquent after the following May 1, with the second one-half becoming delinquent after September 1.

B. Budgetary Statement Reconciliation of Generally Accepted Accounting Principles (GAAP) and Budgetary Basis

The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual – Budgetary Basis presents comparisons of the budget with actual data on a budgetary basis for the general fund and major special revenue fund. The budget document has a separate line item for capital outlay. On the GAAP-basis financial statements, these expenditures are not broken out by function. Also, debt service requirements are included in other funds' budgets and not as transfers to the debt service fund as shown on the financial statements. The following reconciles the budgetary inflows and outflows and GAAP revenues and expenditures:

CITY OF SIDNEY, NEBRASKA

EXHIBIT M
(Continued)

NOTES TO THE SUPPLEMENTARY INFORMATION (SI) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGETARY BASIS

September 30, 2014

	General Fund	Street Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 6,747,348	\$ 2,401,793
Differences--budget to GAAP:		
Receipts from accounts receivable are a budgetary resource but may not be a current year revenue for financial reporting purposes		
Taxes Receivables	14,734	-
MV Sales Tax Receivable	-	(97,427)
Sales Tax Receivable	(22,959)	85,587
Business Tax Receivable	-	350
Accrued Interest	126	-
	<u>(8,099)</u>	<u>(11,490)</u>
Revenue from deferred property taxes are not a budgetary resource but is recognized as a current year revenue for financial reporting		
Deferred Revenue Taxes	(12,015)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 6,727,234</u>	<u>\$ 2,390,303</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	\$ 6,414,577	\$ 1,912,366
Differences--budget to GAAP		
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis		
Compensated Absences	(5,086)	2,872
Accrued Salaries and Benefit Payables	8,534	145
	<u>3,448</u>	<u>3,017</u>
The City budgets for inventory purchases expected to be paid, rather than on the modified accrual basis		
Accounts Payable	(39,780)	220,070
Inventory	(19,476)	-
	<u>(59,256)</u>	<u>220,070</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance-governmental funds	<u>\$ 6,358,769</u>	<u>\$ 2,135,452</u>

CITY OF SIDNEY, NEBRASKA
COMBINING BALANCE SHEET

EXHIBIT N

NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2014

	Economic		Special Revenue			Totals
	Development	Cemetery	Golf Development	Unemployment	Scouts	
ASSETS						
Cash and Cash Equivalents	\$ 913,695	\$ -	\$ -	\$ -	\$ 9,041	\$ 922,736
Equity in Pooled Cash and Investments	-	212,004	9,192	93,947	-	315,143
Accrued Interest	-	338	-	-	-	338
TOTAL ASSETS	\$ 913,695	\$ 212,342	\$ 9,192	\$ 93,947	\$ 9,041	\$ 1,238,217
FUND BALANCES						
Fund Balances						
Committed	\$ 913,695	\$ 212,342	\$ 9,192	\$ 93,947	\$ 9,041	\$ 1,238,217
TOTAL FUND BALANCES	913,695	212,342	9,192	93,947	9,041	1,238,217
TOTAL LIABILITIES AND FUND BALANCES	\$ 913,695	\$ 212,342	\$ 9,192	\$ 93,947	\$ 9,041	\$ 1,238,217

CITY OF SIDNEY, NEBRASKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

EXHIBIT O

NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2014

	Special Revenue					Totals
	Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
Revenues						
Taxes	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Charges for Services	-	6,613	-	-	-	6,613
Interest	683	2,454	11	48	12	3,208
Grants	375,347	-	-	-	-	375,347
Miscellaneous Revenues	20,914	275	650	-	126	21,965
Total Revenues	<u>696,944</u>	<u>9,342</u>	<u>661</u>	<u>48</u>	<u>138</u>	<u>707,133</u>
Expenditures						
Operating Expenses	677,604	277	2,503	1,421	176	681,981
Capital Outlay	626,692	13,484	-	-	-	640,176
Bond Issue Costs	-	-	-	-	-	-
Total Expenditures	<u>1,304,296</u>	<u>13,761</u>	<u>2,503</u>	<u>1,421</u>	<u>176</u>	<u>1,322,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(607,352)</u>	<u>(4,419)</u>	<u>(1,842)</u>	<u>(1,373)</u>	<u>(38)</u>	<u>(615,024)</u>
Other Financing Sources (Uses)						
Transfers In	-	-	7,433	-	-	7,433
Transfers Out	-	(604)	(23,258)	-	-	(23,862)
Proceeds from Bond	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(604)</u>	<u>(15,825)</u>	<u>-</u>	<u>-</u>	<u>(16,429)</u>
Excess (Deficiency) of Revenues and Other Sources (Uses) Over (Under) Expenditures and Other Uses	<u>(607,352)</u>	<u>(5,023)</u>	<u>(17,667)</u>	<u>(1,373)</u>	<u>(38)</u>	<u>(631,453)</u>
Fund Balance, October 1	<u>1,521,047</u>	<u>217,365</u>	<u>26,859</u>	<u>95,320</u>	<u>9,079</u>	<u>1,869,670</u>
Fund Balance, September 30	<u>\$ 913,695</u>	<u>\$ 212,342</u>	<u>\$ 9,192</u>	<u>\$ 93,947</u>	<u>\$ 9,041</u>	<u>\$ 1,238,217</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF REVENUES

EXHIBIT P

GENERAL FUND
For the Years Ended September 30, 2014

	2014
Revenues	
Taxes/Shared Intergovernmental Revenue	
General Property	\$ 1,155,779
Motor Vehicle	145,361
Sales	3,005,937
Occupation	138,873
	4,445,950
Licenses, Fees and Permits	
Franchise Fees	756,200
	756,200
Intergovernmental Revenues	
Bookmobile and Police Reimbursement	150,988
Economic Development Reimbursement	21,667
Homestead	37,423
Motor Vehicle Pro-Rate	3,998
Miscellaneous	46,393
	260,469
Charges for Services	
Administration Fees	413,970
Licenses and Permits	203,802
Cemetery Lots, Openings and Perpetual Care	45,655
Swimming Pool and Handibus Fees	20,829
Golf Fees, Storage and Merchandise	292,145
Library Fees	2,770
Animal Control	3,595
	982,766
Interest	7,104
State and Federal Grants	219,236
Miscellaneous	54,905
Total Revenues	6,726,630
Other Financing Sources	
Transfers In	604
Insurance Proceeds	-
	604
Total Revenues and Other Sources	\$ 6,727,234

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT Q

GENERAL GOVERNMENT
For the Year Ended September 30, 2014

	Engineering and		Total
	Administration	Inspection	
Expenditures			
Current Commodities			
Office Supplies	\$ 31,637	\$ 4,693	\$ 36,330
Department Supplies	15,400	2,556	17,956
Maintenance/Repairs	48,808	5,647	54,455
	<u>95,845</u>	<u>12,896</u>	<u>108,741</u>
Personal Services			
Salaries - Other	526,439	69,061	595,500
Employee Benefits	152,807	16,849	169,656
	<u>679,246</u>	<u>85,910</u>	<u>765,156</u>
Contractual Services			
Insurance	24,334	3,512	27,846
Utilities	25,991	625	26,616
Travel/Training	10,731	1,444	12,175
Dues and Subscriptions	22,930	365	23,295
Professional Fees	96,578	-	96,578
Advertising and Promotion	33,990	-	33,990
Janitorial Service	12,600	-	12,600
County E911	258,030	-	258,030
Economic Development	66,457	-	66,457
Ambulance Subsidy	70,593	-	70,593
Miscellaneous	119,893	6,677	126,570
	<u>742,127</u>	<u>12,623</u>	<u>754,750</u>
Total Current Expenditures	<u>1,517,218</u>	<u>111,429</u>	<u>1,628,647</u>
Capital Outlay	9,783	68,080	77,863
Transfers Out	469,536	-	469,536
	<u>479,319</u>	<u>68,080</u>	<u>547,399</u>
Total Expenditures	<u>\$ 1,996,537</u>	<u>\$ 179,509</u>	<u>\$ 2,176,046</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT R

PUBLIC SAFETY
For the Year Ended September 30, 2014

	Police	Fire	Total
Expenditures			
Current Commodities			
Supplies	\$ 64,078	\$ 34,556	\$ 98,634
Maintenance/Repairs	35,438	10,448	45,886
	<u>99,516</u>	<u>45,004</u>	<u>144,520</u>
Personal Services			
Salaries	864,309	60,163	924,472
Employee Benefits	365,806	7,401	373,207
	<u>1,230,115</u>	<u>67,564</u>	<u>1,297,679</u>
Contractual Services			
Insurance	53,757	-	53,757
Contract Labor	13,811	10,200	24,011
Utilities	16,515	3,530	20,045
Travel and Training	14,777	3,904	18,681
Volunteer Funds	-	8,511	8,511
Miscellaneous	37,882	-	37,882
	<u>136,742</u>	<u>26,145</u>	<u>162,887</u>
Total Current Expenditures	<u>1,466,373</u>	<u>138,713</u>	<u>1,605,086</u>
Capital Outlay	-	18,000	18,000
Transfers Out	23,498	-	23,498
	<u>23,498</u>	<u>18,000</u>	<u>41,498</u>
Total Expenditures	<u>\$ 1,489,871</u>	<u>\$ 156,713</u>	<u>\$ 1,646,584</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT S

HEALTH AND SOCIAL SERVICES
For the Year Ended September 30, 2014

	Cemetery	Handibus	Total
Expenditures			
Current Commodities			
Supplies	\$ 12,891	\$ 24,861	\$ 37,752
Maintenance/Repairs	10,296	21,661	31,957
	<u>23,187</u>	<u>46,522</u>	<u>69,709</u>
Personal Services			
Salaries	68,944	106,441	175,385
Employee Benefits	22,446	21,468	43,914
	<u>91,390</u>	<u>127,909</u>	<u>219,299</u>
Contractual Services			
Insurance	8,208	10,988	19,196
Utilities	8,138	5,328	13,466
Travel and Training	494	1,012	1,506
Rent	-	12,000	12,000
Miscellaneous	6,761	1,575	8,336
	<u>23,601</u>	<u>30,903</u>	<u>54,504</u>
Total Current Expenditures	<u>138,178</u>	<u>205,334</u>	<u>343,512</u>
Capital Outlay			
	19,900	48,614	68,514
	<u>19,900</u>	<u>48,614</u>	<u>68,514</u>
Total Expenditures	<u>\$ 158,078</u>	<u>\$ 253,948</u>	<u>\$ 412,026</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT T

CULTURE AND RECREATION
For the Year Ended September 30, 2014

	Park	Pool	Golf	Library	Total
Expenditures					
Current Commodities					
Supplies	\$ 71,041	\$ 4,097	\$ 134,357	\$ 20,171	\$ 229,666
Maintenance/Repairs	64,824	4,285	27,020	18,793	114,922
Books and Periodicals	-	-	-	33,011	33,011
Printing	-	-	-	659	659
Pro Shop Merchandise and Concessions	-	-	66,259	-	66,259
	<u>135,865</u>	<u>8,382</u>	<u>227,636</u>	<u>72,634</u>	<u>444,517</u>
Personal Services					
Salaries	314,222	38,195	231,932	254,864	839,213
Employees Benefits	137,668	3,939	38,255	83,375	263,237
	<u>451,890</u>	<u>42,134</u>	<u>270,187</u>	<u>338,239</u>	<u>1,102,450</u>
Contractual Services					
Insurance	33,014	2,099	13,833	4,572	53,518
Recreation Coordination	120,000	-	-	-	120,000
Utilities	38,760	13,169	24,195	12,063	88,187
Travel and Training	2,714	1,065	1,922	1,136	6,837
Dues and Subscriptions	-	-	1,064	762	1,826
Advertising and Promotion	-	-	502	453	955
Janitorial Service	-	-	-	12,600	12,600
Contract Services	-	-	30,018	3,873	33,891
Miscellaneous	4,389	420	15,760	61	20,630
	<u>198,877</u>	<u>16,753</u>	<u>87,294</u>	<u>35,520</u>	<u>338,444</u>
Total Current Expenditures	<u>786,632</u>	<u>67,269</u>	<u>585,117</u>	<u>446,393</u>	<u>1,885,411</u>
Capital Outlay	141,175	14,234	10,372	-	165,781
Transfers Out	-	-	72,921	-	72,921
Total Expenditures	<u>\$ 927,807</u>	<u>\$ 81,503</u>	<u>\$ 668,410</u>	<u>\$ 446,393</u>	<u>\$ 2,124,113</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
City of Sidney, Nebraska 69162

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sidney (the City), Sidney, Nebraska, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

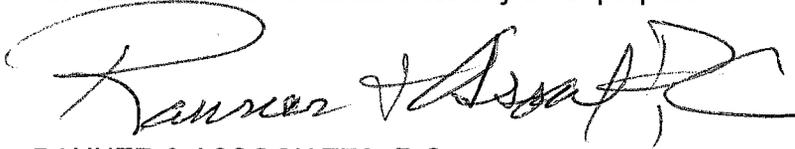
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RAUNER & ASSOCIATES, P.C.
Sidney, Nebraska

March 24, 2015